

PX 713

Message

From: Patrick Griffin [REDACTED]@ripple.com]
Sent: 11/4/2017 5:51:39 PM
To: Brad Garlinghouse [Brad Garlinghouse <[REDACTED]@ripple.com>]
Subject: Fwd: [REDACTED]

argh! second opinion on self dealing?? I admit, I'm not really sure what else we can do other than just ask Chris to override (a la [REDACTED]).

patrick

Patrick Griffin
SVP Business Development
Ripple Inc.

----- Forwarded message -----
From: [REDACTED]@org>
Date: Sat, Nov 4, 2017 at 5:26 PM
Subject: Re: [REDACTED]
To: Brad Garlinghouse <[REDACTED]@ripple.com>
Cc: Patrick Griffin <[REDACTED]@ripple.com>

Thx for the clarification.

I hear you and agree about the investment and looking for outsized returns.

Also, I agree that liquidity can be a separate issue but diversification is part of the decision.

Redacted

BTW, in terms of fear of making it complicated - I hear you. That's in part due to the fact that it is our first investment so there's a bunch of new muscles to develop, we are putting new processes into place, we need to confirm regulations, and the fact that [REDACTED] is on the bleeding edge of some new topics.

I'm glad you've been through this and appreciate your thoughts/insights.

See you Thursday.

[REDACTED]
Co-Founder & CEO
RippleWorks
[REDACTED]@org

On Sat, Nov 4, 2017 at 9:36 AM, Brad Garlinghouse <[REDACTED]@ripple.com> wrote:

Hey [REDACTED]

I think we are talking past each other a bit. It's my view that this is getting unnecessarily complicated.

I look forward to seeing you on Thursday and we can discuss live, in advance however:

The point I'm trying to make is that you are mixing in other agendas / goals with the evaluation of this discrete investment opportunity. This is simply a unique and compelling opportunity to make an investment that is an opportunity to get outsized returns. These returns will be measured both on a direct basis (IRR and return on invested capital) and also on an indirect basis (benefit to the overall XRP ecosystem, your 'base' asset). This is not self dealing, this is taking an asset that you own and investing it in something that will help grow your assets - which in turn gives you more resources to pursue [REDACTED] mission.

You seem to be mingling a different [REDACTED] goal / agenda - which is further sales of XRP for USD... aka 'liquidity' which is allowing you to diversify away from XRP as your 'base' asset. I encourage you to separate these when thinking about whether or not [REDACTED] wants to participate in what I believe is a very compelling investment opportunity.

Brad

On Thu, Nov 2, 2017 at 5:16 PM, [REDACTED]@[REDACTED].org> wrote:

Hey guys.

Re: your first point - I'm not tracking on the point you are making. I brought up my point for two reasons:

1. I wanted to share with you a question [REDACTED] was having, regardless of [REDACTED]
2. [REDACTED] does need to justify this investment as part of a diversification strategy vs building the XRP ecosystem. Yes, it will improve the XRP ecosystem, and I agree with you that is good for everyone, but that cannot be [REDACTED] primary objective. [REDACTED]

Redacted

Re: the 2nd point - I was bringing this to you because [REDACTED] was questioning this so wanted to make you aware. This does matter to [REDACTED] as an investor but that's not why I brought it up. I was just sharing info back with you

Re: objective of my meeting with [REDACTED] on Monday - [REDACTED] did not present anything to me in our first meeting. We had a great meeting and both thoroughly valued it and have followed up with each other. We are meeting on Monday where he is making a presentation and wants to introduce me to his team.

Re: moving quickly - just so you feel good about my prioritization - I rearranged my schedule and met with [REDACTED] the day after he emailed me. He then left for Mexico and we are meeting on his first day back (next Monday).

Re: next steps - just thought I'd take a moment to outline what I see as next steps as well as close out previous items identified. Feel free to comment/add on next steps.

- Meet [REDACTED] and his team - Monday

- Confirm any liquidity agreements/hedging strategies so we are all aligned on what will happen - next week

Redacted

- I assume there are some investment docs that we will have to receive - Don't know on [REDACTED] timing
- We review docs - 3-5 days
- [REDACTED] creates investment policy unique for our situation - 98% done. I've reviewed, provided all comments so it's just going through a final turn
- Advised that neither Chris nor Ripple invest in the fund - this helps reduce a case of self-dealing.
- Resolve 20% ownership - we can own more than 20% of a fund, however there must be protections that our position can not own more than 20% of any company the fund invests. I've discussed with [REDACTED] and he agrees and is happy to put in a revision

Hope this provides some clarity. Fire away with thoughts/comments.

[REDACTED]
Co-Founder & CEO

[REDACTED].org

On Wed, Nov 1, 2017 at 8:30 PM, Brad Garlinghouse <[REDACTED]@ripple.com> wrote:
Hey [REDACTED]

I want to make sure we are separating issues that are not intertwined.

I respect that [REDACTED] - with your VERY large XRP holdings - is keen to make sure there is a great liquidity in the XRP markets. I also understand that whatever XRP investment that [REDACTED] or Ripple makes to this fund ([REDACTED]) - means that [REDACTED] needs to make sure there is a clear understanding about what liquidity restrictions we may each require - but these are two very distinct issues.

For now I'm very focused on getting closure on the open questions for [REDACTED]. And I expect that this investment will serve to increase liquidity in the markets - which is good for everyone involved.

I also want to be clear that, in my view, diversification of your XRP holdings is just one of many benefits of making this investment. In fact I would put it lower on the priority list than the impact that this could have on the overall XRP ecosystem which is very good for your XRP holdings.

On your second point - any hedging strategies would need to comply with whatever restrictions we put on the XRP we invest in the fund.

Can you share with me the goal / objective of your follow up meeting with [REDACTED]? Again, my goal is to get this wrapped up quickly.

Brad

On Wed, Nov 1, 2017 at 5:31 PM, [REDACTED].org> wrote:
Thanks for sending. I will look at this and suggest how we evolve this over time.

I met with [REDACTED] yesterday afternoon. We are looking to meet again on Monday. I can report back after that about next steps.

In the meantime, two quick observations:

1. He seems to have some questions about XRP liquidity that will probably need clarity with Ripple (maybe Brad?). This will also matter to [REDACTED] as [REDACTED] needs to think of this as a diversification strategy.
2. He also has some hedging strategies he is planning on that have some XRP market implications so I think he needs to spend some time with Ripple (maybe Miguel).

[REDACTED]
Co-Founder & CEO

[REDACTED]
[REDACTED].org

On Wed, Nov 1, 2017 at 4:37 PM, Patrick Griffin <[REDACTED]@ripple.com> wrote:

[REDACTED]
Here's our short due diligence assessment of [REDACTED]. Considering that the investment from [REDACTED] would kick off the creation of the fund, the assessment largely comes down to a bet on the team. It's a great team! We recommend moving forward assuming the investment helps [REDACTED] asset allocation strategy.

Let me know if you have questions.

Patrick

Patrick Griffin
SVP Business Development
Ripple Inc.